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FISCAL IMPACT STATEMENT

LS 7790

BILL NUMBER: SB 1

NOTE PREPARED: Feb 12, 2007

BILL AMENDED: Feb 8, 2007

SUBJECT: Indiana Commerce Connector and Illiana Expressway.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR: Rep. Whetstone

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

The bill, for purposes of the statute concerning tollways, permits the designation of the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69) as a tollway.

The bill, for purposes of the statute governing public-private agreements concerning toll roads, deletes the prohibition against a public-private agreement (without legislative authorization) that would permit an operator to impose tolls for the operation of motor vehicles.

(Amended) The bill provides that, for purposes of statutes governing public-private agreements concerning toll road projects, neither the Indiana Finance Authority nor an operator may issue a request for proposals for or enter into a public-private agreement (other than for the Indiana Commerce Connector or the Illiana Expressway) unless the General Assembly enacts a statute authorizing that activity.

The bill, for purposes of the statute governing public-private agreements by the Department of Transportation: (1) authorizes public-private agreements for the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69); and (2) deletes the current authority for offerors that submit a proposal on a project that consists in whole or in part of a tollway to submit alternative proposals based upon the assumption that a different part or none of the project will consist of a tollway.

The bill, for purposes of the statute governing the designation of state highways as tollways, permits the designation of the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69) as a tollway without legislative authorization.

The bill creates legislative review committees for proposals concerning the Indiana Commerce Connector and the Illiana Expressway.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) Under current law, the Governor, the Department of Transportation (INDOT), or an operator, without the approval of the General Assembly, may not approve the location of a tollway, issue a request for proposal or enter into a public-private agreement, or determine that a highway should become a tollway other than on I-69 between I-64 and Martinsville. Under the bill, the tollway between I-64 and Martinsville would require legislative approval for tolling and the Indiana Commerce Connector, a limited access facility beginning at I-69 in Madison County and ending at I-70 in Hendricks or Morgan County, and/or the Illiana Expressway, a limited access facility connecting I-94 and I-57, would be allowed without legislative approval. Also, under the bill, the Indiana Finance Authority (IFA) or an operator could issue or enter into a request for proposal for a toll road project concerning the either or both the Indiana Commerce Connector and/or the Illiana Expressway.

Traffic volume affects the toll revenue that may be generated, and if a project is developed as a public-private agreement, it could affect the amount paid to the state for concession rights to collect the tolls. If a higher lease payment is offered on the Indiana Commerce Connector and/or the Illiana Expressway than on I-69 between I-64 and Martinsville, the state would receive more revenue.

Background on the Indiana Commerce Connector: The route of the Indiana Commerce Connector has not been finalized and there are no data available to indicate the traffic volume currently available. The route has been proposed to stimulate economic development along the corridor and relieve congestion on I-69, I-465, and surrounding highways. The bill would allow development of this route as a public-private agreement or tollway without the approval of the General Assembly.

Background on the Illiana Expressway: This connector would address traffic congestion around the Borman Expressway, I-80/I-94, which is out of available land to expand. The proposal for the Illiana Expressway is for the route to be 63 miles long with 50 miles in Indiana. The bill would allow development of this Expressway without the approval of the General Assembly.

Illiana Highway Proposal Review Committee and the Commerce Connector Highway Review Committee: (Note: These committees are independent of one another, but discussed together to avoid repetition). The bill creates two separate committees to take and review testimony and information, and to prepare a report to be submitted to the Governor and the Legislative Council concerning each committee's determination of whether the Illiana highway project and the Indiana Commerce Connector highway project is recommended by the respective committee. The committees will operate under the policies adopted by the Legislative Council governing study committees, except that the committees may meet at any time during the year. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members.

Indiana Department of Transportation: Additionally, INDOT will be required to report separately to the committees concerning updates on the status of the projects, updates on the financial feasibility studies, information concerning INDOT's request for qualifications, INDOT's proposed routes, any other information

required by one of the committees, and any final proposal made by INDOT.

Background on the Committees: Each committee is comprised of eight legislators (four Senators and four Representatives). The committees meet at the call of the chair who is to be appointed in odd-numbered years by the Senate President Pro Tempore and in even-numbered years by the Speaker of the House of Representatives. Members of the committee are entitled to per diem, mileage, and travel allowances.

(Revised) For the Illiana Highway Proposal Review Committee, one Senate and one House member must be appointed from a district encompassing all or part of Lake County, Porter County, and LaPorte County, and one Senate and one House member must be appointed from a district encompassing all or part of Starke, Newton, or Jasper County.

For the Commerce Connector Highway Proposal Review Committee, one legislator representing each of the following counties must be appointed to the committee: Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby.

Background for Public-Private Agreements: Public-private agreements for toll road projects between the Indiana Finance Authority (IFA) and a private entity are governed by IC 8-15.5, and public-private agreements and leases with private entities are governed by IC 8-15.7. These sections include terms and conditions for public-private agreements, as well as the request for proposal process, vendor selection, and the disposition of payments or compensation generated by the agreements.

Under current law, the revenues from projects undertaken under IC 8-15.5 are deposited in the Toll Road Fund, which is divided into three accounts - the Bond Retirement Account, the Administration Account, and the Eligible Project Account. Before any allocations are made from the Toll Road Fund, the IFA determines the total amount of and the extent to which outstanding bonds should be repaid, defeased, or otherwise retired and deposits that amount in the Bond Retirement Account. Any operating costs or costs to IFA related to the execution or performance of a public-private agreement are placed in the Administration Account, and the remainder is placed in the Eligible Projects Account for distribution to the Major Moves Construction Fund and the Next Generation Trust Fund. The amount distributed to these funds is specified only for the lease of the Indiana Toll Road. For projects undertaken under IC 8-15.7, revenues are distributed at the direction of INDOT to the Major Moves Construction Fund; the State Highway Fund; or an operator or the IFA for debt reduction.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Transportation; Indiana Finance Authority.

Local Agencies Affected:

Information Sources: <http://www.in.gov/apps/utis/calendar/presscal?PF=gov2&Clist=196&Elist=87664>;
<http://www.in.gov/dot/projects/illiana/>.

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